

G-002/M-93-773 NOTICE AND ORDER FOR HEARING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
Dee Knaak

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition by
Northern States Power Company to
Recover the Acquisition Premium
Associated with its Purchase of
the Viking Gas Transmission
Company

ISSUE DATE: FEBRUARY 9, 1994

DOCKET NO. G-002/M-93-773

NOTICE AND ORDER FOR HEARING

PROCEDURAL HISTORY

I. The Company's Filing

On August 11, 1993 Northern States Power Company (NSP) filed a petition asking to recover in retail gas rates a prorated portion of the acquisition adjustment it incurred in its recent purchase of the Viking Gas Transmission Company (Viking). The total acquisition adjustment (the difference between Viking's book value and the purchase price) was \$29,713,203. The Minnesota portion was \$21,107,190, which NSP proposed to amortize over 15 years at \$1,407,146 per year.

NSP claimed its purchase of Viking had resulted in gas cost savings exceeding the amount of the acquisition adjustment, making recovery of the adjustment reasonable. The Company proposed to recover the adjustment by passing it through its Purchased Gas Adjustment.

Viking is an interstate pipeline regulated exclusively by the Federal Energy Regulatory Commission. The pipeline will not become an asset of the regulated utility and will not be subject to the jurisdiction of this Commission.

The Department of Public Service and the Residential Utilities Division of the Office of the Attorney General intervened and opposed rate recovery of the acquisition adjustment. They challenged the Company's claim that the Viking purchase had resulted in gas cost savings. They claimed Minnesota law prohibited rate recovery of the acquisition adjustment through the Purchased Gas Adjustment or by any other means.

FINDINGS AND CONCLUSIONS

II. Jurisdiction and Referral for Contested Case Proceedings

The Commission has general jurisdiction over NSP under Minn. Stat. § 216B.08 (1992) and specific jurisdiction over its Purchased Gas Adjustment mechanism under Minn. Stat. § 216B.16, subd. 7 (1992).

The Commission finds that it cannot determine, on the basis of the record before it, whether the Company is entitled to recover any or all of the acquisition adjustment. The facts surrounding the claimed gas savings are disputed and are best developed in formal evidentiary hearings. The Commission will therefore refer the case to the Office of Administrative Hearings for contested case proceedings.

III. Issues to be Addressed

Parties shall address the following issues in the course of the contested case proceedings ordered herein:

- (1) Is the causal connection between the gas cost savings claimed by the Company and its purchase of the Viking pipeline firm enough to justify recovery of the acquisition adjustment?
- (2) What is the amount of gas cost savings attributable to NSP's purchase of the Viking pipeline?
- (3) Does Minnesota law allow rate recovery of the acquisition adjustment and if so, does it allow recovery through the Purchased Gas Adjustment?

The parties may also raise and address other issues relevant to the Company's proposal.

IV. Procedural Outline

A. Administrative Law Judge

The Administrative Law Judge assigned to this case is Bruce Campbell. His address and telephone number are as follows: Office of Administrative Hearings, Suite 1700, 100 Washington Square, Minneapolis, Minnesota 55401-2138; (612) 349-7602.

B. Hearing Procedure

Hearings in this matter will be conducted in accordance with the Administrative Procedure Act, Minn. Stat. §§ 14.57-14.62 (1992); the rules of the Office of Administrative Hearings, Minn. Rules, parts 1400.5100 to 1400.8400; and, to the extent that they are

not superseded by those rules, the Commission's Rules of Practice and Procedure, Minn. Rules, parts 7830.0100 to 7830.4400. Copies of these rules and statutes may be purchased from the Print Communications Division of the Department of Administration, 117 University Avenue, St. Paul, Minnesota 55155; (612) 297-3000.

Under these rules parties may be represented by counsel, may appear on their own behalf, or may be represented by another person of their choice, unless otherwise prohibited as the unauthorized practice of law. They have the right to present evidence, conduct cross-examination, and make written and oral argument. Under Minn. Rules, part 1400.7000, they may obtain subpoenas to compel the attendance of witnesses and the production of documents.

Any party intending to appear at the hearing must file a notice of appearance, copy attached, with the Administrative Law Judge within 20 days of the date of this Notice and Order for Hearing. Failure to appear at the hearing may result in facts and issues being resolved against the party who fails to appear.

Parties should bring to the hearing all documents, records, and witnesses necessary to support their positions. They should take note that any material introduced into evidence may become public data unless a party objects and requests relief under Minn. Stat. § 14.60, subd. 2 (1992).

Any questions regarding discovery under Minn. Rules, parts 1400.6700 to 1400.6800 or informal disposition under Minn. Rules, part 1400.5900 should be directed to Margie Hendriksen, Special Assistant Attorney General, 121 Seventh Place East, Suite 350, St. Paul, Minnesota 55101-2147; (612) 296-0410.

The times, dates, and places of evidentiary hearings will be set by order of the Administrative Law Judge after consultation with the Commission and intervening parties.

C. Intervention

Current parties to this proceeding are NSP, the Department of Public Service, and the Residential Utilities Division of the Office of the Attorney General. Other persons wishing to become formal parties shall promptly file petitions to intervene with the Administrative Law Judge. They shall serve copies of such petitions on all current parties and on the Commission. Minn. Rules, part 1400.6200.

D. Prehearing Conference

A prehearing conference will be held in this matter on Thursday, February 24, 1994 at 9:00 a.m. in the Large Hearing Room, Minnesota Public Utilities Commission, 121 Seventh Place East,

Suite 350, St. Paul, Minnesota 55101-2147.

Persons participating in the prehearing conference should be prepared to discuss time frames and scheduling. Other matters which may be discussed include the locations and dates of public hearings, discovery procedures, and similar issues.

E. Application of Ethics in Government Act

The lobbying provisions of the Ethics in Government Act, Minn. Stat. §§ 10A.01 et seq. (1992), apply to ratemaking proceedings. Persons appearing in this proceeding may be subject to registration, reporting, and other requirements set forth in that Act. All persons appearing in this case are urged to refer to the Act and to contact the Minnesota Ethical Practices Board, telephone number (612) 296-1720, with any questions.

F. Ex Parte Communications

Restrictions on ex parte communications with Commissioners and reporting requirements regarding such communications with Commission staff apply to this proceeding from the date of this Order. Those restrictions and reporting requirements are set forth at Minn. Rules, parts 7845.7300-7845.7400, which all parties are urged to consult.

ORDER

1. A contested case proceeding shall be held to determine whether any or all of the prorated acquisition adjustment associated with NSP's purchase of Viking Gas Transmission Company is recoverable in rates, through the Purchased Gas Adjustment or by other means.
2. The contested case proceeding shall begin with a prehearing conference on Thursday, February 24, 1994 at 9:00 a.m. in the Large Hearing Room, Minnesota Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Paul, Minnesota 55101-2147.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
Suite 1700
100 Washington Square
Minneapolis, Minnesota 55401-2138

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
Suite 350
121 Seventh Place East
St. Paul, Minnesota 55101-2147

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Northern States Power Company
to Recover the Acquisition
Premium Associated with its
Purchase of the Viking Gas
Transmission Company

MPUC Docket No. G-002/M-93-773

OAH Docket No.

NOTICE OF APPEARANCE

Name, Address, and Telephone Number of Administrative Law Judge:

Bruce Campbell, Office of Administrative Hearings, Suite 1700,
100 Washington Square, Minneapolis, Minnesota 55401-2138;
(612) 349-7602.

TO THE ADMINISTRATIVE LAW JUDGE:

You are advised that the party named below will appear at the
above hearing.

NAME OF PARTY:

ADDRESS:

TELEPHONE NUMBER:

PARTY'S ATTORNEY OR OTHER REPRESENTATIVE:

OFFICE ADDRESS:

TELEPHONE NUMBER:

SIGNATURE OF PARTY OR ATTORNEY: _____

DATE: _____